# Great Mobile Apps In An Omnichannel World

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# Executive Summary

Great mobile apps position marketers to make significant, long-term differences in customer loyalty and spend. With companies competing for customers' precious mobile moments, the opportunity is ripe to meet and exceed their expectations and reap the financial rewards. But marketers must listen to what customers tell them, and then work across the entire enterprise to create mobile moments that lead to engaged, loyal, and profitable customers.

In August 2015, IBM commissioned Forrester Consulting to evaluate what turns consumers and other users both off and on to a mobile app (and its authoring brand), focusing on the following questions: How do consumers and enterprises define a "great" mobile app? What elevates a good, serviceable, and even profitable app into the realm of great? And if a mobile app achieves greatness, what is the impact?

> **In addition to flawless and fast performance, a great mobile app masters *the mobile moment* — that moment where a customer gets anything she wants, immediately, and in context.**

Forrester Consulting conducted a survey of 1,000 consumers in the US, the UK, Canada, and India who use mobile devices; a survey of 200 technology and business professionals in the US, the UK, Canada, and India responsible for mobile apps; and six qualitative interviews with mobile app initiative leaders in enterprises of 500-plus employees. Forrester found that companies that produced mobile applications they defined as "great" achieved remarkable results, even over those that produced mobile apps they defined as "good."

## KEY FINDINGS

Forrester's study yielded three key findings of particular interest to marketers:

› **A great mobile app provides immediate and relevant mobile moments in the context of the entire customer ecosystem.** Customers operate in an omnichannel, mobile moment world, and they want their mobile app to respond immediately, appropriately, and seamlessly. Great mobile apps work in the larger engagement ecosystem to provide customers with the content they demand when they want it.

› **Great mobile apps are a key way to increase customer engagement, experience, and loyalty.** A great mobile app acts as the "mission control" of the customer's mobile moment, reaching out to the back end for data and functionality, while keeping a clean, friendly interface for customers and delighting them with relevant, contextual content and offers seemingly at the swipe of screen.

› **Marketers must leverage data to truly understand the impact of mobile moments and how they can improve.** A great mobile app experience is designed and created by knowing the customer, including where they are and what they need in that moment. In order to do this, vast amounts of data are collected, analyzed, and available to act upon. In a virtuous circle, additional data collected feeds back into the next experience to improve the next mobile moment, and so on.

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## A Great App Creates The Market Opportunity

*"A great app provides our customer with whatever information and services that he or she wants at whatever point he or she wants it, while keeping the interface simple and clean but being very responsive and quick."*

— Director of product management, mobile commerce at US retail chain

A great mobile app generates significant financial returns for enterprises that commit to creating them. Why? In addition to having flawless and fast performance, a great mobile app masters *the mobile moment*. Forrester defines the mobile moment as that moment where a customer gets anything she wants, immediately, and in context.[1] Mobile moments are the next big battleground for marketers to win, serve, and retain customers. Owning mobile moments equates to owning at least a piece of the customer relationship.[2] To get the advantage in this battle, mobile marketers need to understand the following:

› **Customers operate in an omnichannel, mobile moment world.** There is no dispute that the number of consumers using mobile devices to research and purchase products, consult with friends about their preferences, and complete transactions is growing steadily.[3] Although mobile ad investment is growing and

the market is ripe with vendors offering programmatic advertising solutions, the reality of this market still lags behind the potential, and the majority of sales still happen offline. In fact, 90% of sales occur in brick-and-mortar locations versus online.[4] For mobile commerce to achieve its potential, organizations must engage their customers where they are, in real time, with the most impactful message or offer, even if they ultimately make their purchase offline. Existing customers spend more on average than new ones and are more likely to become a loyalty program member, which often means higher average order values for their purchases.

› **Great mobile apps work seamlessly in the larger engagement ecosystem.** Users expect to tap a button or swipe a screen in their mobile app and get a relevant, fast response. To do this, a great mobile app leverages the larger mobile experience on the device, including mobile web, mobile email, and messaging. It will also connect to back-end data and applications in the enterprise to enrich the mobile moment experience.[5] In our study, consumers expected the entire ecosystem to support their mobile moments. In ranking their most valuable interactions within a mobile app, 59% of consumers surveyed found a direct email response to them very valuable, 44% found a phone response very valuable, and 30% found contextual offers (real-time offers based on history and location) to be very valuable. Forrester's own research has found that within the digital business landscape, mobile is the only channel that is used to engage the customer at every stage of Forrester's customer life cycle (see Figure 1).

**FIGURE 1**

**Engage Customers Where They Are**
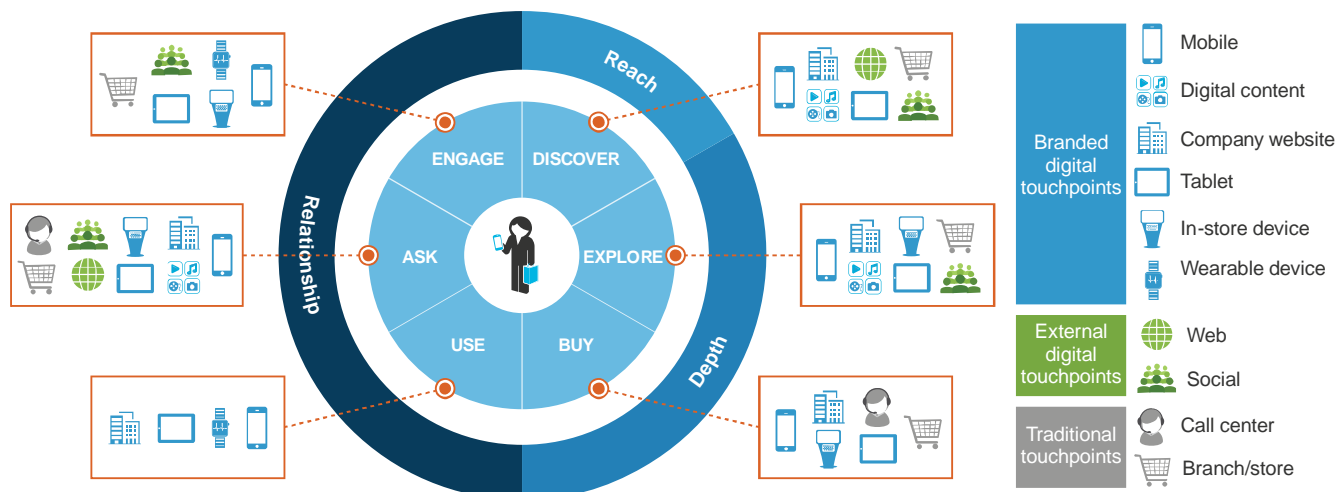


Source: Forrester Research, Inc.

› **The contextual nature of mobile will drive marketers out of channel-based silos to own the omnichannel customer experience.** As the hub of offline and online experiences, mobile app interactions are a powerful catalyst for contextual marketing. The untapped opportunity in mobile for marketers is to get an extremely granular understanding of their customers (and the way they behave in context), anticipate customers' expectations, and work across the enterprise ecosystem to develop unique insights that power better marketing across all channels, not just mobile.[6] Investing in this opportunity requires plans and budgets that transcend traditional silos. Forrester Research identifies a shift in budgeting that has digital marketing in a "three-way tie" with traditional and direct marketing budgets.[7]

› **Enterprises see enormous benefit when great mobile apps fill customer needs, based on data and insights.** In the business survey conducted for this study, we asked mobile professionals about the returns they saw from their most successful mobile app in a number of areas, and then asked them whether they thought that app was "good" or "great." While both good and great apps generated additional returns, enterprises in the study found that great mobile apps generated almost five times more revenue than apps they rated as good. Great apps also increased sales in other channels by 12 additional points over good apps, and they generated higher rates of customer engagement, customer experience, and customer loyalty (see Figure 2).

**FIGURE 2**

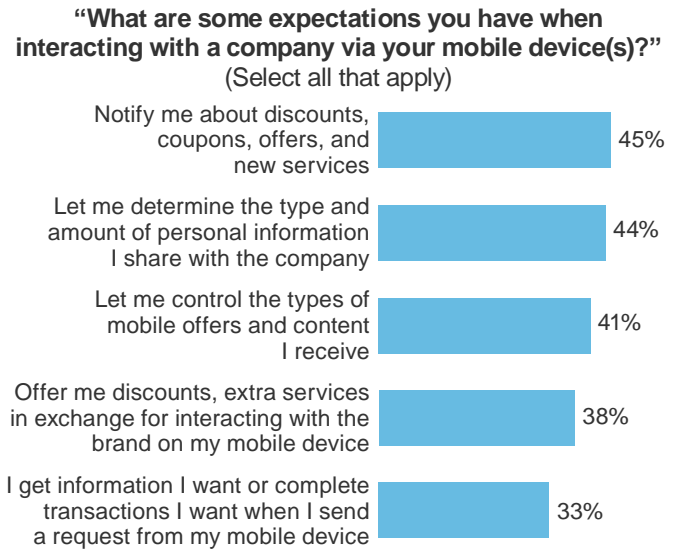**The Financial Benefits Of A Great Mobile App**

| Good apps | | Great apps |
|---|---|---|
| $9.5M | Increase sales | $45.6 |
| 38.3% | Increase sales in other channels | 44.1% |
| 17% | Decrease costs | 29% |
| 34% | Increase productivity | 44% |
| 44% | Increase customer engagement | 50% |
| 36% | Improve customer experience | 46% |
| 32% | Increase customer loyalty | 47% |

Base: Various mobile app professionals, sorted by respondents who self-rated their best performing mobile application as either "great" or "good."

Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, September 2015

› **Customers will clearly spell out what they want.** In this study, consumers expected that companies would give them a large measure of control about what they shared and what they received, and were looking for clear benefits from a company in trade for their data (Figure 3). The good news for marketers is that the trade is easy and a win-win for both sides of the transaction.

**FIGURE 3**

**What Consumers Say They Want From Mobile Interactions**

**"What are some expectations you have when interacting with a company via your mobile device(s)?"**
(Select all that apply)

| | |
|---|---|
| Notify me about discounts, coupons, offers, and new services | 45% |
| Let me determine the type and amount of personal information I share with the company | 44% |
| Let me control the types of mobile offers and content I receive | 41% |
| Offer me discounts, extra services in exchange for interacting with the brand on my mobile device | 38% |
| I get information I want or complete transactions I want when I send a request from my mobile device | 33% |

Base: 1,000 consumers in the US, Canada, the UK, and India who use mobile devices

(top five responses shown)

Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, September 2015

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## Silos Hinder The Mobile Moment

Mobile's role as a game changer not only provides opportunity but can also challenge today's marketer. Mobile requires a holistic, omnichannel view of the world, but today's organizations were — of necessity — built channel by channel as new ones emerged. This leaves many organizations stuck in the past in the following ways:

› **Historically, marketing budgets are siloed by channel.**
There's nothing more annoying to be served an ad on your mobile device or shown an offer for a product you've just purchased in-store or online. But this scenario happens time and again to consumers, who are suffering the consequences of marketing channel and data silos. Activities are often siloed because the budgets and organizations that run them are siloed. That makes it harder to ensure a great omnichannel customer experience and leverage the mobile app's role as purchase influencer. Because mobile apps are driving consumer research on-the-go and lead to in-store purchasing, they have to be considered alongside in-store marketing. Marketers often forget to look at this symbiotic relationship and miss a real mobile moment opportunity to engage and sell buyers in the store with their smartphones in hand.

› **The second critical silo is between marketing and technology.** Collaboration is the key to mobile ecosystem success. Moving from business proposition to customer experience to technology design must be a tightly aligned initiative. Key enabling technologies like APIs or location-based services enable key mobile moments by linking to marketing automation, marketing cloud capabilities, and third-party data to augment the experience with contextually relevant data like weather or location, customer purchase history, and detecting their real-time buying patterns— information that enriches the interaction. Marketing and technology must jointly take charge of a business technology agenda that provides a to-do list for the people, processes, technology, and data needed to win, serve, and retain customers.[8]

*"A challenge for me is to bridge different organizational structures and agendas — it's fragmented. Retail and eCommerce do not report to the same set of executives. Marketing sits separately from those who are creating mobile customer experience."*

— Director of mobile, office supply retail chain

› **Many marketers still approach mobile with brand-centric thinking.** This means they focus more on how the brand is represented, rather than on the utility of the mobile app for the customer. Mobile users care about what makes their experience and work easier, not what the brand wants to promote (Figure 4). Ultimately, though, serving customers when and where they want will actually improve all the elements that contribute to better financial results and make the brand better and stronger.

### FIGURE 4

**Consumers Do Not Engage With Generic Ads**

**"How valuable do you find the types of marketing, content, or service that a company might send to your mobile device?"**

**Ads on mobile devices**

**47%**
**Not at all valuable**

**16%**
**Very valuable**

Base: 1,000 consumers in the US, Canada, the UK, and India who use mobile devices
Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, September 2015

*"Our mobile approach was more brand-driven with fashion videos and social media features. Load times and responsiveness were really poor, and the path to purchase was complex. Since leadership changed, we're finding the sweet spot between brand-driven and data-driven decision-making for mobile."*

— Head of digital product management, fashion retail brand

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› **Marketers may view apps as a way to promote the brand or advertise, but that needs to be done judiciously and only based on customer input.** Enterprises in this study missed the mark on what customers look for in mobile interactions, getting close but seeing the opportunity through their own lens rather than focusing on what utility the consumer actually seeks (see Figure 5). However, personalized offers are appreciated.

**FIGURE 5**
**Enterprises Miss The Mark On What Consumers Say They Want From Mobile Interactions**

| What Enterprises Think Consumers Want | What Consumers Want* |
|---|---|
| 1. Remember who I am. 2. Interact through several touchpoints. 3. Send product/service updates. | 1. Notifications about discounts, coupons, offers 2. Control my personal information. 3. Control offers and content I receive. |

Base: 200 US, Canadian, UK, and Indian decision-makers responsible for mobile app initiatives at companies of 500+ employees

*Base: 1,000 consumers from the US, Canada, the UK, and India who use mobile devices

Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, September 2015

*"When customers download the app, they're looking for utility, not to be served ads. We don't want to be viewed as intrusive. We have push notifications when an order is ready and shipping, and when it requires approval, but no marketing pushes. It's about understanding your customers and not copying a feature you've seen elsewhere."*

— Director of product management, industrial equipment chain

› **Marketers do not yet measure the right things to help them discover the true utility of mobile moments.** Companies are not tracking the right measures of mobile app performance that will help them understand the impact of their app once it has been released and is being used. For example, companies in the survey that thought their best-performing app was good tended to measure things like number of downloads, number of monthly active users, and number of daily active users as their top three metrics. These metrics measure activity but don't give a deeper indication about whether a user is more deeply engaged in the app or whether the app is allowing the user to execute the task simply and easily.

*"The first thing I did was to rethink how we measure success. We put in an infometrics team from engineering and marketing and deprioritized direct revenue, making it a secondary measure. Our key measure is customer health and lifetime value, along with mobile-enabled sales and mobile-influenced sales. Through those we can really measure the true impact of mobile."*

— Director of mobile, office supply retail chain

Despite the challenges, the financial gains that great mobile apps can generate are too compelling to ignore. And tackling issues like silos and measurement will improve the intelligence and resilience of the business in general, further fueling the improvement in customer engagement.

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# Great Apps Leverage The Enterprise To Engage Customers

A great app can generate more revenue and save money, but the biggest opportunity for marketers lies in the increases in engagement and loyalty, which not only help retain customers but also create a halo effect, bringing new customers and engaging them more quickly and deeply. Great mobile app marketers understand the following:

› **Data fuels contextual information for marketers.** Contextual information enhances the value of mobile moments. First, it makes them more relevant. For example, if your customer is searching your inventory, he wants to find not only product information but also if the products are nearby. Second, context allows you to anticipate the needs of your customers. You can delight them by proactively pushing out information just at the moment they need it. Lastly, context allows you to streamline task flow within an app by anticipating customers' needs. Within 2 hours of their next flight, passengers want to check in and check departure times — not purchase new tickets. Airlines prioritize services focused on managing travel — not selling tickets — within this time window.[9]

*"We try to focus on building a great search experience. A lot of users want to use mobile to search for products. When they become heavy, frequent users, we can leverage the native capabilities to remove the need to search for products; scan product bar codes; submit photos directly to a product expert; and have a live chat conversation to identify the product."*

— Director, product management, industrial equipment chain

› **Customers love contextual engagement.** Customers don't like being bombarded by irrelevant messages, content, or services. But they are very willing to engage with brands that offer them something relevant and useful. Think about your customers' context and what that tells you about their needs and motivations. Today, one in four consumers expects contextual experiences on mobile devices.[10] A great mobile app can curate data and functions in the larger ecosystem and combine them with mobile native capabilities to enrich the experience that creates the mobile moment and accelerate profitable return for the enterprise.

› **Customer feedback is critical, especially from the most loyal customers.** Building an app to delight customers can be a hard and unforgiving experience. The performance basics have to be in place or the customer will abandon it. Collecting customer feedback on feature sets is a critical part of the process. Listening to customers is critical to building a great app and can be done through surveys, customer reviews, voice of the customer programs, and ride-alongs. And because the most-likely early adopters and heavy users of apps are loyal customers, marketers and product managers must design with them in mind. Their engagement and retention is incredibly valuable to the organization, so features and capabilities that please them are most important.

*"We listen very closely to customers through VOC feedback systems. Their input goes to mobile product teams on [a] weekly basis to determine if it should be on the road map. We send a mix of product managers and engineers to ride along with customers, to see what they're doing with and without mobile in their work and personal lives."*

— Director, product management, industrial equipment chain

› **A great mobile app needs integration.** The mobile moment can leverage in-store sales and contextual data about relevant things like time, location, and weather. It also may require back-end data or functionality to truly delight. Enterprises that have created great mobile apps bring the entire organization along to create compelling mobile moments for their customers. They connect with legacy systems to bring valuable data to a mobile app that may have been otherwise inaccessible. They also take advantage of native features, such as the camera, bar code reader, and geolocation to combine the best of the old and new information.

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*"Some of our systems are antiquated, so creating a really good interface and enabling it in mobile has really helped solve some problems for our employees. Now, they can spend more time on value-added activities for our customers instead of gopher work."*

— VP of digital, home improvement chain

› **It's also important to think about the business-to-business (B2B) and employee uses for mobile.** Marketers who make the most impact think about the customers' mobile moment *and* the potential to enable partners, resellers, and employees who serve those customers to be more productive, amplifying the benefits that mobile can bring. For example, an office supply chain is planning an app just for office managers to make their common administrative tasks easier. The app has little to do with selling office products (although the company has an app that makes it easy to reorder products); the app is more of an opportunity to improve the workflow of an office manager. Another retail products manufacturing company created an app that uses geolocation so that when a building technician enters a property, the app automatically serves up the list of products commonly purchased for that property. In both cases, the apps are not for direct consumers, but they are designed to make these critical stakeholders' mobile moments better.

› **Great app marketers think about the future of mobile and what it means for the business.** Today, mobile design is about apps, features, and functions. Marketers who build great apps are already thinking about the next generation of apps that use voice recognition as the interface rather than the dominant screen interface and text entry of today. Some are also leveraging cognitive capabilities like personality insights or natural language processing to customize engagement based on contextual and behavioral needs. They also see robots, telepresence, and the Internet of Things as the not-too-distant daily reality of work and personal lives. The key is to remain nimble — and prepared — for the next iteration of mobile. Be at the ready to delight customers as their needs and preferences shift.

Thinking and working with mobile apps in an omnichannel way not only moves an app from good to great, but it moves the entire ecosystem (and therefore customer engagement) from good to great. That shift assures victory in the ultimate age of the battle to win, serve, and retain customers.

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## Key Recommendations

Marketers can use great mobile apps to leverage the entire enterprise to serve up compelling mobile moments in the greater effort to win, serve, and retain customers. To create a great mobile app, marketers must contribute the following to the enterprise-wide effort:

› **Let the data do the talking about mobile apps.** Take a product marketing approach to defining app features and capabilities (both apps that are data-driven and those created by gathering requirements from users). The brand must take a backseat to the customers and what they want or need.

› **Measure the right stuff.** Measure to understand the app's performance and how it is enabling your loyal customers to become more deeply engaged. Don't rely solely on transaction metrics, but go deeper — analytics on location, behavior, app interaction, and the underlying business impact will cast a light on the true value of a great mobile app and the ecosystem in which it functions.

› **Create an app and a mobile ecosystem that strips down to exactly what the customer wants.** Complicating app functionality with cool bells and whistles that don't give customers their mobile moment(s) is just a waste of development time and money. Understanding and using the right data and measurement system will help determine what customers want and the best way to deliver it to them.

› **Make mobile a collaborative endeavor.** Listen to the voice of the customer and work collaboratively across the marketing, eCommerce, and engineering teams to create and refine the road map and feature set.

› **Make every change and every effort about the customer experience.** The mobile app can serve as a key focal point for creating the best possible experience by working flawlessly and with other online and mobile elements to serve customers what they want, when they want it.

# Appendix A: Methodology

Forrester Consulting conducted a survey of 1,000 consumers in the US, the UK, Canada, and India who use mobile devices; a survey of 200 technology and business professionals for mobile apps; and six qualitative interviews with mobile app initiative leaders in enterprises of 500-plus employees. Forrester found that companies that produced mobile applications they defined as "great" achieved remarkable results, even over those who produced mobile apps they defined as "good." The study began in July 2015 and was completed in September 2015

# Appendix B: Supplemental Material

**RELATED FORRESTER RESEARCH**

"Understand The Digital Business Landscape," Forrester Research, Inc., November 5, 2015

"How Ecosystems Fuel Digital Business," Forrester Research, Inc., October 20, 2015

"Engage Customers Through Mobile," Forrester Research, Inc., May 4, 2015

"Your Customers Will Not Download Your App," Forrester Research, Inc., June 22, 2015

"2015: The Year Of The Big Digital Shift," Forrester Research, Inc., April 8, 2015

"Mobile's Untapped Value Is In Contextual Data," Forrester Research, Inc., October 27, 2014

# Appendix C: Endnotes

[1] Source: "Engage Customers Through Mobile," Forrester Research, Inc., May 4, 2015.

[2] Source: "Your Customers Will Not Download Your App," Forrester Research, Inc., June 22, 2015.

[3] Source: North American Consumer Technographics® Online Benchmark Survey (Part 1), 2014, Forrester Research, Inc.

[4] Source: "Forrester Research Online Retail Forecast, 2015 To 2020 (US)," July 15, 2015, Forrester Research, Inc.

[5] Source: "Your Customers Will Not Download Your App," Forrester Research, Inc., June 22, 2015.

[6] Source: "Mobile's Untapped Value Is In Contextual Data," Forrester Research, Inc., October 27, 2014.

[7] Source: "Understand The Digital Business Landscape," Forrester Research, Inc., November 5, 2015.

[8] Source: "CMOs And CIOs Must Turn Collaboration Into Action," Forrester Research, Inc., November 20, 2014.

[9] Source: "Your Customers Will Not Download Your App," Forrester Research, Inc., June 22, 2015.

[10] "Mobile Platforms, Partners, And Power," Forrester Research, Inc., June 29, 2015.

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